

**[DISCUSSION DRAFT]**110TH CONGRESS  
2D SESSION**H. R.** \_\_\_\_\_To **[To be inserted.]**  
  
\_\_\_\_\_**IN THE HOUSE OF REPRESENTATIVES**

Mr. FRANK of Massachusetts introduced the following bill; which was referred  
to the Committee on \_\_\_\_\_

  
\_\_\_\_\_**A BILL**To **[To be inserted.]**

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “\_\_\_\_\_ Act of 2008”.

6       (b) TABLE OF CONTENTS.—The table of contents for  
7       this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Findings and purposes.

**TITLE I—FHA INSURANCE FOR HOMEOWNERSHIP RETENTION  
MORTGAGES**

Sec. 101. Short title.

Sec. 102. Insurance of homeownership retention mortgages.

## TITLE II—AUCTION OR BULK REFINANCE PROGRAM

- Sec. 201. Purpose.
- Sec. 202. Oversight Board.
- Sec. 203. Establishment.
- Sec. 204. Auction or bulk refinance program.
- Sec. 205. Authority of Board and Secretary.
- Sec. 206. Limitation on aggregate principal amount.
- Sec. 207. Definitions.
- Sec. 208. Authorization of appropriations.

## TITLE III—LOANS AND GRANTS FOR PURCHASE OF FORECLOSED HOMES

- Sec. 301. Loans and grants to States.
- Sec. 302. Qualified plans.
- Sec. 303. Allocation of amounts.
- Sec. 304. Loans.
- Sec. 305. Eligible housing stimulus activities.
- Sec. 306. Shared appreciation agreement.
- Sec. 307. Spending requirements.
- Sec. 308. Accountability.
- Sec. 309. Definitions.
- Sec. 310. Funding.
- Sec. 311. Regulations.

**1 SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress finds that **【To be in-**  
3 **serted.】**

4 (b) PURPOSES.—The purposes of this Act are **【To**  
5 **be inserted.】**

6 **TITLE I—FHA INSURANCE FOR**  
7 **HOMEOWNERSHIP RETEN-**  
8 **TION MORTGAGES**

**9 SEC. 101. SHORT TITLE.**

10 This title may be cited as the “FHA Housing Sta-  
11 bilization and Homeownership Retention Act of 2008”.

1 **SEC. 102. INSURANCE OF HOMEOWNERSHIP RETENTION**  
2 **MORTGAGES.**

3 (a) MORTGAGE INSURANCE PROGRAM.—Title II of  
4 the National Housing Act (12 U.S.C. 1707 et seq.) is  
5 amended by adding at the end the following new section:

6 **“SEC. 257. INSURANCE OF HOMEOWNERSHIP RETENTION**  
7 **MORTGAGES.**

8 “(a) AUTHORITY.—The Secretary shall, subject only  
9 to the absence of qualified requests for insurance under  
10 this section and to the limitations under subsection (e) of  
11 this section and section 531(a), make commitments to in-  
12 sure and insure any mortgage covering a 1- to 4-family  
13 residence that is made for the purpose of paying or pre-  
14 paying outstanding obligations under an existing mortgage  
15 or mortgages if the mortgage being insured under this sec-  
16 tion meets the requirements of this section and of section  
17 203, except as modified by this section.

18 “(b) REQUIREMENTS.—To be eligible for insurance  
19 under this section, a mortgage shall comply with all of  
20 the following requirements:

21 “(1) OWNER-OCCUPIED PRINCIPAL RESIDENCE  
22 REQUIREMENT.—The residence to be covered by the  
23 mortgage insured under this section shall be occu-  
24 pied by the mortgagor as the principal residence of  
25 the mortgagor.

1           “(2) LACK OF CAPACITY TO PAY EXISTING  
2 MORTGAGE OR MORTGAGES.—

3           “(A) BORROWER CERTIFICATION.—The  
4 mortgagor shall certify that the mortgagor has  
5 not intentionally defaulted on the existing mort-  
6 gage or mortgages.

7           “(B) LACK OF CAPACITY TO PAY EXISTING  
8 MORTGAGE OR MORTGAGES.—As of March 1,  
9 2008, the mortgagor shall have had a ratio of  
10 mortgage debt to income, taking into consider-  
11 ation all existing mortgages at such time, great-  
12 er than 40 percent.

13           “(3) ELIGIBILITY OF MORTGAGES BY DATE OF  
14 ORIGINATION.—【The existing senior mortgage shall  
15 have been originated on or after January 1, 2005,  
16 and before July 1, 2007.】

17           “(4) MAXIMUM LOAN-TO-VALUE RATIO.—The  
18 mortgage being insured under this section shall in-  
19 volve a principal obligation (including such initial  
20 service charges, appraisal, inspection, and other fees  
21 as the Secretary shall approve and including the  
22 mortgage insurance premium paid pursuant to sub-  
23 section (d)(1)) in an amount not to exceed 90 per-  
24 cent of the appraised value of the property. Section

1       203(d) shall not apply to mortgages insured under  
2       this section.

3           “(5) REQUIRED WAIVER OF PREPAYMENT PEN-  
4       ALTIES AND FEES.—All penalties for prepayment of  
5       the existing mortgage or mortgages, and all fees and  
6       penalties related to default or delinquency on all ex-  
7       isting mortgages or mortgages, shall be waived or  
8       forgiven.

9           “(6) REQUIRED LOAN REDUCTION.—

10          “(A) REDUCTION OF INDEBTEDNESS  
11       UNDER EXISTING SENIOR MORTGAGE.—The  
12       amount of indebtedness on the existing senior  
13       mortgage shall have been substantially reduced  
14       by such percentage as the Secretary may re-  
15       quire, except that such reduction shall be suffi-  
16       cient to—

17           “(i) provide for the refinancing of  
18       such existing mortgage in an amount not  
19       greater than 90 percent of the appraised  
20       value of the property involved; and

21           “(ii) pay the full amount of the single  
22       premium to be collected pursuant to sub-  
23       section (d)(1) (which may be an amount  
24       not exceeding 5.0 percent of the amount of  
25       the original insured principal obligation of

1 the mortgage insured under this section  
2 and which shall serve as an additional re-  
3 serve to cover possible loan losses).

4 “(B) EXTINGUISHMENT OF DEBT BY REFI-  
5 NANCING.—All existing holders of mortgage  
6 liens on the property involved shall agree to ac-  
7 cept the proceeds of the insured loan as pay-  
8 ment in full of all indebtedness under all exist-  
9 ing mortgages, and all encumbrances related to  
10 such mortgages shall be removed. The Sec-  
11 retary may take such actions as may be nec-  
12 essary and appropriate to facilitate coordination  
13 between the holders of the existing senior mort-  
14 gage and any existing subordinate mortgages to  
15 comply with the requirement under this sub-  
16 paragraph.

17 “(7) REQUIRED REDUCTION OF DEBT SERV-  
18 ICE.—The debt service payments due under the  
19 mortgage insured under this section shall be in an  
20 amount that is meaningfully reduced from the debt  
21 service payments due under the existing senior mort-  
22 gage, which reduction may be achieved through a re-  
23 duction of indebtedness, a reduction in the interest  
24 rate being paid, or an extension of the term of mort-  
25 gage, or any combination thereof.

1           “(8) FINANCIAL RECOVERY TO FEDERAL GOV-  
2           ERNMENT THROUGH EXIT PREMIUM.—

3           “(A) SUBORDINATE LIEN.—The mortgage  
4           shall provide that the Secretary shall retain a  
5           lien on the residence involved, which shall be  
6           subordinate to the mortgage insured under this  
7           section but senior to all other mortgages, and  
8           which shall secure the repayment of the amount  
9           due under subparagraph (D).

10          “(B) NO INTEREST OR PAYMENT DURING  
11          MORTGAGE.—The amount secured by the lien  
12          retained by the Secretary pursuant to subpara-  
13          graph (A) shall not bear interest and shall not  
14          be repayable to the Secretary except as pro-  
15          vided in subparagraph (D) of this paragraph.

16          “(C) NET PROCEEDS AVAILABLE FOR EXIT  
17          PREMIUM.—Upon the sale, refinancing, or other  
18          disposition of the residence covered by a mort-  
19          gage insured under this section, any net pro-  
20          ceeds resulting from such disposition that re-  
21          main after deducting the remaining insured  
22          principal balance of the mortgage insured under  
23          this section, and after deducting [expenditures  
24          paid or incurred after the date of the origina-  
25          tion of such mortgage which are properly

1 chargeable to capital account (within the mean-  
2 ing of section 1016 of the Internal Revenue  
3 Code of 1986) with respect to such residence],  
4 shall be available to meet the obligation under  
5 subparagraph (D).

6 “(D) EXIT PREMIUM.—Upon any refi-  
7 nancing of the mortgage insured under this sec-  
8 tion or any sale or disposition of the residence  
9 covered by the mortgage, the Secretary shall,  
10 subject to the availability of sufficient net pro-  
11 ceeds described in subparagraph (C), receive  
12 the greater of the following amounts:

13 “(i) 3 percent of the amount of the  
14 original insured principal obligation of the  
15 mortgage.

16 “(ii) A percentage of the portion of  
17 the net proceeds described in subparagraph  
18 (C), as follows:

19 “(I) In the case of any refi-  
20 nancing, sale, or disposition occurring  
21 during the first year of the term of  
22 the mortgage, 100 percent of such net  
23 proceeds.

24 “(II) In the case of any refi-  
25 nancing, sale, or disposition occurring



1 during the second year of the term of  
2 the mortgage, 80 percent.

3 “(III) In the case of any refi-  
4 nancing, sale, or disposition occurring  
5 during the third year of the term of  
6 the mortgage, 60 percent.

7 “(IV) In the case of any refi-  
8 nancing, sale, or disposition occurring  
9 during the fourth year of the term of  
10 the mortgage, 40 percent.

11 “(V) In the case of any refi-  
12 nancing, sale, or disposition occurring  
13 during the fifth year of the term of  
14 the mortgage, 20 percent.

15 “(VI) In the case of any refi-  
16 nancing, sale, or disposition occurring  
17 after the end of the fifth year, 0 per-  
18 cent.

19 “(9) DOCUMENTATION AND VERIFICATION OF  
20 INCOME.—In complying with the debt-to-income eli-  
21 gibility ratios under the program under this section,  
22 the mortgagee under the mortgage shall document  
23 and verify the income of the mortgagor in accord-  
24 ance with procedures and standards that the Sec-  
25 retary shall establish.

1           “(10) FIXED RATE MORTGAGE.—The mortgage  
2           insured under this section shall bear interest at a  
3           single rate that is fixed for the entire term of the  
4           mortgage.

5           “(11) MAXIMUM LOAN AMOUNT.—The mort-  
6           gage being insured under this section shall involve a  
7           principal obligation that complies with the limita-  
8           tion, in effect at the time of insurance, on the max-  
9           imum amount of the principal obligation of a mort-  
10          gage (for a property of the applicable size) that may  
11          be insured under section 203.

12          “(c) FLEXIBLE UNDERWRITING CRITERIA.—The  
13          Secretary shall establish underwriting standards for mort-  
14          gages insured under this section that—

15               “(1) ensure that each mortgagor under a mort-  
16               gage insured under this section has a reasonable ex-  
17               pectation of repaying the mortgage, taking into con-  
18               sideration the mortgagor’s income, assets, liabilities,  
19               payment history, and other applicable criteria, but  
20               which shall not result in a denial of insurance solely  
21               on the basis of the mortgagor’s current FICO or  
22               other credit scores, or any delinquency or default by  
23               the mortgagor under the existing mortgage or mort-  
24               gages;

1 “(2) except as provided in paragraph (3), per-  
2 mit a total debt-to-income ratio of up to **40 per-**  
3 **cent**]; and

4 “(3) permit a total debt-to-income ratio of more  
5 than **40 percent**, but not more than **50 percent**,  
6 if the mortgagor has made, on a timely basis before  
7 the endorsement of the mortgage insured under this  
8 section, not less than six months of payments in an  
9 amount not less than the amount of the monthly  
10 payment due under the mortgage to be insured  
11 under this section; except that the Secretary may in-  
12 crease the maximum percentage under this para-  
13 graph to not more than **55 percent** upon making  
14 a finding that such increase is necessary to achieve  
15 the purposes of this section and can be accomplished  
16 under reasonable underwriting standards.

17 “(d) PREMIUMS.—For each mortgage insured under  
18 this section, the Secretary shall establish and collect—

19 “(1) at the time of insurance, a single premium  
20 payment in an amount not exceeding 5.0 percent of  
21 the amount of the original insured principal obliga-  
22 tion of the mortgage, which shall be paid from the  
23 proceeds of the mortgage being insured under this  
24 section, through the reduction of the amount of in-

1       debtedness on the existing senior mortgage required  
2       under subsection (b)(6)(A);

3           “(2) in addition to the premium under para-  
4       graph (1), annual premium payments in an amount  
5       not exceeding 1.5 percent of the remaining insured  
6       principal balance of the mortgage; and

7           “(3) an exit premium in the amount determined  
8       under subsection (b)(8), but which shall not be less  
9       than 3.0 percent of the appraised value of the prop-  
10      erty at the time the mortgage is insured, subject  
11      only to the availability of sufficient net proceeds  
12      from sale, refinancing, or other disposition of the  
13      property, as determined in subsection (b)(8).

14      “(e) ORIGINATION FEES AND MORTGAGE RATE.—  
15      【The Secretary shall establish a reasonable limitation on  
16      origination fees for mortgages insured under this section  
17      and shall establish procedures to ensure that interest rates  
18      on such mortgages shall be commensurate with market  
19      rate interest rates on such types of loans.】

20      “(f) LIMITATION ON AGGREGATE INSURANCE AU-  
21      THORITY.—The aggregate original principal obligation of  
22      all mortgages insured under this section may not exceed  
23      \$300,000,000,000.

24      “(g) ENHANCEMENT OF FHA CAPACITY.—The Sec-  
25      retary shall take such actions as may be necessary to—

1 “(1) contract for the establishment of under-  
2 writing criteria, pricing standards, and other factors  
3 relating to eligibility for mortgages insured under  
4 this section;

5 “(2) contract for independent quality reviews of  
6 underwriting of mortgages insured under this sec-  
7 tion or pools of such mortgages; and

8 “(3) increase personnel of the Department as  
9 necessary to process mortgages insured under this  
10 section.

11 “(h) MONITORING OF UNDERWRITING RISK.—

12 “(1) MONITORING OF DESIGNATED UNDER-  
13 WRITERS.—The Secretary shall monitor independent  
14 quality reviews as established pursuant to subsection  
15 (g)(2) to—

16 “(A) determine compliance of designated  
17 underwriters with underwriting standards;

18 “(B) determine rates of delinquency,  
19 claims rates, and loss rates of designated un-  
20 derwriters; and

21 “(C) terminate eligibility of designated un-  
22 derwriters that do not meet minimum perform-  
23 ance standards as the Secretary may establish.

24 “(2) REPORTS BY SECRETARY.—The Secretary  
25 shall submit semiannual reports to the Congress

1 identifying the progress of the program for mortgage  
2 insurance under this section, which shall contain the  
3 following information for each such 6-month period:

4 “(A) The number of new mortgages in-  
5 sured under this section.

6 “(B) The aggregate principal obligation of  
7 new mortgages insured under this section.

8 “(C) The average amount by which the in-  
9 debtedness on existing mortgages is reduced in  
10 accordance with subsection (b)(6).

11 “(D) The average amount by which the  
12 debt service payments on existing mortgages is  
13 reduced in accordance with subsection (b)(7).

14 “(E) The amount of premiums collected  
15 for insurance of mortgages under this section.

16 “(F) The claim and loss rates for mort-  
17 gages insured under this section.

18 “(G) Any other information that the Sec-  
19 retary considers appropriate.

20 “(3) REPORT BY INSPECTOR GENERAL.—The  
21 Inspector General of the Department of Housing  
22 and Urban Development shall conduct an annual  
23 audit of the program for mortgage insurance under  
24 this section to determine compliance with this sec-  
25 tion and program rules.

1       “(i) GNMA AUTHORITY.—The Secretary shall take  
2 such actions as may be necessary to ensure that securities  
3 based on and backed by a trust or pool composed of mort-  
4 gages insured under this section are available to be guar-  
5 anteed by the Government National Mortgage Association  
6 as to the timely payment of principal and interest.

7       “(j) SPECIAL RISK INSURANCE FUND.—The insur-  
8 ance of each mortgage under this section shall be the obli-  
9 gation of the Special Risk Insurance Fund established by  
10 section 238.

11       “(k) DEFINITIONS.—For purposes of this section, the  
12 following definitions shall apply:

13               “(1) EXISTING MORTGAGE.—The term ‘existing  
14 mortgage’ means, with respect to a mortgage in-  
15 sured under this section, a mortgage that is to be  
16 extinguished, and paid or prepaid, from the proceeds  
17 of the mortgage insured under this section.

18               “(2) EXISTING SENIOR MORTGAGE.—The term  
19 ‘existing senior mortgage’ means, with respect to a  
20 mortgage insured under this section, the existing  
21 mortgage that has superior priority.

22               “(3) SUBORDINATE MORTGAGE.—The term  
23 ‘subordinate mortgage’ means, with respect to a  
24 mortgage insured under this section, an existing

1 mortgage that has subordinate priority to the exist-  
2 ing senior mortgage.

3 “(1) SUNSET.—

4 “(1) IN GENERAL.—Except as provided in para-  
5 graph (2), the authority of the Secretary to make  
6 any new commitment to insure any mortgage under  
7 this section shall terminate upon the expiration of  
8 the 2-year period beginning on the date of the enact-  
9 ment of the FHA Housing Stabilization and Home-  
10 ownership Retention Act of 2008.

11 “(2) EXTENSIONS.—The Secretary may, not  
12 more than four times, extend the authority to enter  
13 into new commitments to insure mortgages under  
14 this section beyond the date specified in paragraph  
15 (1), except that each such extension shall—

16 “(A) be effective only if, before the pro-  
17 gram terminates pursuant to paragraph (1) or  
18 any previous extension pursuant to this para-  
19 graph, the Secretary—

20 “(i) certifies the need for such exten-  
21 sion in writing to the Congress; and

22 “(ii) causes notice of such extension  
23 to be published in the Federal Register;  
24 and



1 “(B) be for a period of not more than 6  
2 months.

3 “(m) AUTHORIZATIONS OF APPROPRIATIONS.—  
4 There is authorized to be appropriated for each of fiscal  
5 years 2008 and 2009—

6 “(1) \$200,000,000 for providing counseling re-  
7 garding loss mitigation for mortgagors with 1- to 4-  
8 family residences, including determining eligibility  
9 for the program under this section; and

10 “(2) \$150,000,000 for costs of activities under  
11 subsection (g).”.

12 (b) SPECIAL RISK INSURANCE FUND.—Section 238  
13 of the National Housing Act (12 U.S.C. 1715z–3) is  
14 amended—

15 (1) in subsection (a)(1), by striking “or 243”  
16 each place such term appears and inserting “243, or  
17 257”; and

18 (2) in subsection (b), by striking “and 243”  
19 each place such term appears and inserting “243,  
20 and 257”.

## 21 **TITLE II—AUCTION OR BULK** 22 **REFINANCE PROGRAM**

### 23 **SEC. 201. PURPOSE.**

24 The purpose of this title is to provide an effective and  
25 efficient mechanism to facilitate refinancing of existing

1 residential mortgages that are delinquent or in imminent  
2 danger of default into mortgages insured under the mort-  
3 gage insurance program under title II of the National  
4 Housing Act, by establishing an auction or bulk refinance  
5 process under which lenders and servicers of such mort-  
6 gages may make bids for forward commitments for such  
7 insurance

8 **SEC. 202. OVERSIGHT BOARD.**

9 (a) ESTABLISHMENT.—There is hereby established  
10 the **[Refinance Program]** Oversight Board (in this title  
11 referred to as the “Oversight Board”).

12 (b) MEMBERSHIP.—The Board shall consist of the  
13 following members:

14 (1) The Secretary of the Treasury.

15 (2) The Secretary of Housing and Urban Devel-  
16 opment.

17 (3) The **[Chairman of]** the Board of Governors  
18 of the Federal Reserve System.

19 (c) NO ADDITIONAL COMPENSATION.—Members of  
20 the Oversight Board shall receive no additional pay by rea-  
21 son of service on such Board.

22 **SEC. 203. ESTABLISHMENT.**

23 (a) ESTABLISHMENT OF AUCTION OR BULK REFI-  
24 NANCE MECHANISM.—

1           (1) ESTABLISHMENT.—The Oversight Board  
2       shall develop a structure for conducting auctions, or  
3       other mechanisms, to facilitate refinancing of mort-  
4       gages on a wholesale or bulk basis under this title.

5           (2) TIMING.— The Oversight Board shall com-  
6       plete design of such structure or other mechanisms  
7       not later than the expiration of the 60-day period  
8       beginning upon the date of the enactment of this  
9       Act.

10          (3) AUCTION AGENT.—The Oversight Board  
11       shall appoint an auction agent to carry out the pro-  
12       gram under this title, who may be an agency of the  
13       Federal Government or a private contractor, as de-  
14       termined by the Oversight Board, and shall oversee  
15       the conduct of the program by such agent.

16          (b) REQUIREMENTS FOR COMMENCEMENT.—In  
17       order to begin operation of the program under this title,  
18       the Oversight Board shall determine that—

19            (1) establishment and use of an auction or  
20       other bulk refinance program under this title is fea-  
21       sible and would provide an effective and efficient  
22       mechanism to reduce foreclosures on qualified exist-  
23       ing mortgages by refinancing such mortgages into  
24       performing mortgages insured under title II of the  
25       National Housing Act; and

1           (2) the use of an auction or bulk refinance pro-  
2           gram is necessary to stabilize the housing market  
3           and reduce the impact of turmoil in that market on  
4           the economy of the United States.

5   **SEC. 204. AUCTION OR BULK REFINANCE PROGRAM.**

6           The program for auctions or bulk refinancings under  
7   this title shall—

8           (1) provide for the auction agent to solicit bids  
9           from holders of qualified existing mortgages for refi-  
10          nancing of such mortgages and insurance of the refi-  
11          nanced mortgages under title II of the National  
12          Housing Act, with such bids to be evaluated on cri-  
13          teria that the Oversight Board shall establish;

14          (2) provide for the auction agent to select bids  
15          for specified aggregate amounts of qualified existing  
16          mortgages for such refinancing and insurance;

17          (3) require, for selection of any bid made under  
18          the program, that for each qualified existing mort-  
19          gage included in the group that is the subject of the  
20          bid the servicer shall accept as payment in full of  
21          any obligations outstanding under such mortgage  
22          the proceeds of a new mortgage that—

23                  (A) is eligible for insurance under section  
24                  257 of the National Housing Act (as added by  
25                  section 102(a) of this Act; or

1 (B) is otherwise eligible for insurance such  
2 under other provisions of title II of the Na-  
3 tional Housing Act (12 U.S.C. 1707 et seq.) as  
4 the Oversight Board may provide;

5 (4) require, for selection of any bid made under  
6 the program, that refinancing of qualified existing  
7 mortgages in the group involved in the bid provide  
8 for discounts, in accordance with such minimum re-  
9 quirements as the Oversight Board shall establish,  
10 which shall—

11 (A) be based upon the appraised values of  
12 the properties involved at the time the mortgage  
13 is delivered, and which may be established on  
14 the basis of each mortgage included or on an  
15 aggregate basis;

16 (B) result in new mortgages that—

17 (i) [have original principal obligations  
18 in amounts] that are less than the  
19 amounts of the appraised values of the  
20 properties involved at the time the mort-  
21 gages are delivered;

22 (ii) are consistent with the terms of  
23 the bid and program rules; and

24 (5) upon selection of a bid for refinancing of  
25 qualified existing mortgages, provide for—

1 (A) such refinancing of all of the qualified  
2 existing mortgages submitted; and

3 (B) insurance of all such resulting refi-  
4 nanced mortgages under section 257 of the Na-  
5 tional Housing Act (as added by section 102(a)  
6 of this Act) or otherwise under title II of the  
7 National Housing Act (12 U.S.C. 1707 et seq.).

8 **SEC. 205. AUTHORITY OF BOARD AND SECRETARY.**

9 (a) IN GENERAL.—The Oversight Board shall take  
10 such actions as may be necessary to establish, and may  
11 take such actions as necessary to carry out, the program  
12 for auctions or bulk refinancings under this title and shall  
13 establish, in accordance with this title, all terms, guide-  
14 lines, and policies governing the operation of the program,  
15 which may include terms, guidelines, and policies regard-  
16 ing—

17 (1) the conduct of auctions or bulk  
18 refinancings, including timing of auctions or other  
19 procedures, minimum and maximum aggregate prin-  
20 cipal amounts of mortgages that may be submitted  
21 under such auctions or procedures, and eligibility of  
22 lenders and servicers to submit bids in such auctions  
23 or procedures;

24 (2) underwriting and related criteria for quali-  
25 fied existing mortgages submitted and the resulting

1        refinanced mortgages under such auctions or other  
2        procedures, which may be established on the basis of  
3        each mortgage involved or on an aggregate basis,  
4        such as requirements relating to the maximum debt-  
5        to-income ratio of borrowers under such mortgages;

6            (3) appraisals in connection with mortgages to  
7        refinance qualified existing mortgages submitted  
8        under such auctions or other procedures, including  
9        requirements relating to timing, verification, and  
10       standards of auctions or other procedures and proce-  
11       dures for resolving disputes arising from appraisals;

12           (4) requiring, if appropriate for certain classes  
13        of mortgages that may be submitted under such auc-  
14        tions or other procedures, a minimum period before  
15        such submission during which a lender or servicer  
16        shall establish the ability of the borrower to meet  
17        payment obligations based upon at discounted prin-  
18        cipal obligation and modified interest rate under the  
19        proposed refinanced mortgage;

20           (5) terms for delivery of the mortgages that re-  
21        finance qualified existing mortgages for insurance  
22        under section 257 of the National Housing Act or  
23        otherwise under title II of such Act, which may pro-  
24        vide for delivery of individual mortgages or groups  
25        of mortgages;

1           (6) representations and warranties to be pro-  
2       vided by lenders and servicers with respect to quali-  
3       fied existing mortgages and the resulting refinanced  
4       mortgages submitted under such auctions or other  
5       procedures, and conditions under which the qualified  
6       existing mortgages or refinanced mortgages may be  
7       disqualified;

8           (7) arrangement with the Secretary of Housing  
9       and Urban Development for mortgage insurance  
10      commitments under title II of the National Housing  
11      Act necessary to carry out the auction or bulk refi-  
12      nance program under this title;

13          (8) acquiring, holding, disposing of, making  
14      payments in connection with, and otherwise dealing  
15      in mortgages to the extent necessary to carry out  
16      and facilitate the auction or bulk refinance program  
17      under this title; and

18          (9) violations of this title, and of the regula-  
19      tions, guidelines, and policies issued under this title,  
20      for which lenders and servicers participating in an  
21      auction or other procedure under this title may be  
22      subjected to penalties, and the applicable such pen-  
23      alties.

24      (b) CONTRACTING AUTHORITY.—The Oversight  
25      Board may utilize the services of the Government National



1 Mortgage Association, and may enter into contracts with  
2 other public or private entities, to carry out the duties  
3 under this title, including conducting auctions or other  
4 bulk refinancing under this title and pooling and issuing  
5 securities based on or backed by refinanced mortgages in-  
6 sured pursuant to selection of submitted mortgages under  
7 an auction or other procedure under this title.

8 (c) WAIVER.—For mortgages submitted under the  
9 program established under this title, the Secretary of  
10 Housing and Urban Development may waive or adapt the  
11 underwriting criteria established pursuant to section 257  
12 of the National Housing Act, as added by section 102(a)  
13 of this Act if the Secretary determines such action is nec-  
14 essary or useful to achieve the purposes of this title.

15 **SEC. 206. LIMITATION ON AGGREGATE PRINCIPAL**  
16 **AMOUNT.**

17 The aggregate original principal obligation of all refi-  
18 nanced mortgages insured pursuant to selection of mort-  
19 gages under an auction or other procedure under this title  
20 may not exceed the portion of the aggregate insurance au-  
21 thority provided under section 257(e) of the National  
22 Housing Act, as added by section 102(a) of this Act, that  
23 is allocated for such purpose by the Secretary of Housing  
24 and Urban Development, in consultation with the Over-  
25 sight Board.

1 **SEC. 207. DEFINITIONS.**

2 For purposes of this title, the following definitions  
3 shall apply:

4 (1) BOARD.—The term “Board” means the  
5 Board of Governors of the Federal Reserve System.

6 (2) HOLDER.—The term “holder” includes,  
7 with respect to a qualified existing mortgage, [a  
8 lender that holds such a mortgage in portfolio and  
9 the servicer of such a mortgage any interest or in-  
10 vestment in which is held through a securitization  
11 instrument].

12 (3) QUALIFIED EXISTING MORTGAGE.—The  
13 term “qualified existing mortgage” means—

14 (A) an existing mortgage that meets the  
15 requirements under section 257 to be refi-  
16 nanced with a mortgage that may be insured  
17 under such section; or

18 (B) an existing mortgage covering a 1- to  
19 4-family residence that meets such other cri-  
20 teria as the Oversight Board may specify to  
21 mitigate risk in a manner that facilitates refi-  
22 nancing pursuant to this title.

23 (4) REFINANCED MORTGAGE.—The term “refi-  
24 nanced mortgage” means a mortgage covering a res-  
25 idence that is made, pursuant to selection of mort-  
26 gages under an auction or other procedures under

1       this title, for the purpose of paying or prepaying  
2       outstanding obligations under a qualified existing  
3       mortgage covering the same residence.

4               (5) SECRETARY.—The term “Secretary” means  
5       the Secretary of Housing and Urban Development.

6   **SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

7       There is authorized to be appropriated such sums as  
8       may be necessary for—

9               (1) costs involved in carrying out activities  
10       under section 205(a)(8);

11              (2) administrative costs of carrying out the pro-  
12       gram for auctions under this title, including the  
13       costs of any contracts entered into pursuant to sec-  
14       tion 205(b); and

15              (3) costs (as such term is defined in section  
16       502 of the Federal Credit Reform Act of 1990 (1  
17       U.S.C. 661a) of mortgage insurance for refinanced  
18       mortgages insured pursuant to selection of a pool of  
19       mortgages under an auction under this title.

20   **TITLE III—LOANS AND GRANTS**  
21       **FOR PURCHASE OF FORE-**  
22       **CLOSED HOMES**

23   **SEC. 301. LOANS AND GRANTS TO STATES.**

24       The Secretary of the Treasury shall, subject to the  
25       availability of amounts under section 310, make grants

1 under section 303(a) to qualified States and make loans  
2 under section 304 in accordance with the approved plans  
3 of qualified States, for use to carry out eligible housing  
4 stimulus activities under section 305.

5 **SEC. 302. QUALIFIED PLANS.**

6 (a) IN GENERAL.—The Secretary may make a grant  
7 under this title only to a State, and may allocate a loan  
8 authority amount under this title only for a State, that  
9 has submitted to the Secretary a plan that meets the re-  
10 quirements under this section and has been approved  
11 under this section.

12 (b) CONTENTS.—A plan under this section for a  
13 State shall—

14 (1) designate a State housing finance agency,  
15 or other agency, department, or entity of the State,  
16 or any other designee, as the State administrator to  
17 act on behalf of the State for purposes of this title;

18 (2) describe the housing stimulus under section  
19 305 to be carried out with assistance under this Act  
20 for the State by the entities identified pursuant to  
21 paragraph (2) of this subsection;

22 (3) describe how such activities will help restore  
23 or improve the viability of neighborhoods by pro-  
24 viding for purchase or occupancy of qualified fore-  
25 closed properties as soon as practicable and in a

1 manner that will facilitate repayment of the loans  
2 provided under this title for carrying out such activi-  
3 ties;

4 (4) set forth the procedures that the State will  
5 use to allocate grant and loan amounts and monitor  
6 for compliance with the requirements of section 305;

7 (5) provide that grant and loan amounts pro-  
8 vided under this title for the State will be used only  
9 for eligible housing stimulus activities under section  
10 305 that are eligible under such section for assist-  
11 ance with grant or loan amounts, as applicable;

12 (6) provide preference for activities serving the  
13 lowest income families for the longest period;

14 (7) provide for obligation and outlay of grant  
15 amounts, and for loan commitments and disburse-  
16 ment, in accordance with the requirements under  
17 section 306; and

18 (8) in the case of any grant or loan amounts,  
19 that will be invested with the possibility of a return  
20 on investment, provide for use of any return on such  
21 investment only for one or more eligible housing  
22 stimulus activities under section 305.

23 (c) SUBMISSION.—The Secretary shall provide for  
24 States to submit plans under this section to the Secretary  
25 and shall establish requirements for the contents and form

1 of such plans. Except in the case of plan resubmitted pur-  
2 suant to subsection (d)(3), the Secretary may not accept  
3 or consider a plan unless the plan is submitted to the Sec-  
4 retary before the expiration of the 30-day period beginning  
5 upon the date of the enactment of this Act.

6 (d) REVIEW AND APPROVAL.—

7 (1) TIMING.—The Secretary shall review, and  
8 approve or disapprove, each plan submitted in com-  
9 pliance with the requirements established under this  
10 section before the expiration of the 15-day period be-  
11 ginning upon the submission of the plan. If the Sec-  
12 retary does not approve or disapprove a plan that is  
13 submitted in accordance with the requirements  
14 under this section before the expiration of such 15-  
15 day period and notify the State of such approval or  
16 disapproval, the plan shall be considered approved  
17 for purposes of this section.

18 (2) STANDARD FOR DISAPPROVAL.—The Sec-  
19 retary may disapprove a plan only if the plan fails  
20 to comply with the requirements of this title.

21 (3) RESUBMISSION.—If the Secretary dis-  
22 approves the plan of a State, the Secretary shall  
23 submit to the State the reasons for the disapproval,  
24 and the State may, during the 15-day period that  
25 begins upon notification of such disapproval and the

1 reasons for such disapproval, submit to the Sec-  
2 retary a revised plan for review and approval in ac-  
3 cordance with this subsection.

4 **SEC. 303. ALLOCATION OF AMOUNTS.**

5 (a) GRANTS.—From the total amount made available  
6 under section 310(a) for grants under this title, the Sec-  
7 retary shall make a grant to each qualified State in the  
8 grant amount determined under subsection (c) of this sec-  
9 tion for the qualified State.

10 (b) LOANS.—From the aggregate amount of author-  
11 ity for the outstanding principal balance of loans made  
12 under this title pursuant to section 310(b)(1), the Sec-  
13 retary shall allocate such authority for loans under this  
14 title for each qualified State in the loan authority amount  
15 determined under subsection (c) of this section for the  
16 qualified State.

17 (c) GRANT AMOUNTS AND LOAN AUTHORITY  
18 AMOUNTS.—The grant amount or loan authority amount  
19 for a qualified State shall be the foreclosure grant share  
20 or foreclosure loan share, respectively, for the State deter-  
21 mined under subsection (d), as such share is adjusted in  
22 accordance with an index established or selected by the  
23 Secretary to account for differences between qualified  
24 States in the median price of single family housing in such  
25 States.

1 (d) FORECLOSURE SHARES.—For purposes of this  
2 section:

3 (1) GRANT SHARE.—The foreclosure grant  
4 share for a qualified State shall be the amount that  
5 bears the same ratio to the total amount made avail-  
6 able under section 310(a) as the number of fore-  
7 closures on mortgages for single family housing oc-  
8 ccurring in such State during the most recently com-  
9 pleted two calendar quarters for which such informa-  
10 tion is available, as determined by the Secretary,  
11 bears to the aggregate number of such foreclosures  
12 occurring in all qualified States during such cal-  
13 endar quarters.

14 (2) LOAN SHARE.—The foreclosure loan share  
15 for a qualified State shall be the amount that bears  
16 the same ratio to the aggregate amount of the prin-  
17 cipal balance of loans that may be outstanding at  
18 any time under this title pursuant to section  
19 310(b)(1) as the number of foreclosures on mort-  
20 gages for single family housing occurring in such  
21 State during the most recently completed two cal-  
22 endar quarters for which such information is avail-  
23 able, as determined by the Secretary, bears to the  
24 aggregate number of such foreclosures occurring in  
25 all qualified States during such calendar quarters.



1 (e) DISTRIBUTION OF FULL AMOUNT.—The Sec-  
2 retary shall establish the index referred to in subsection  
3 (c) and the grant and loan authority amounts for the  
4 qualified States in a manner that provides that—

5 (1) the aggregate of the grant amounts for all  
6 qualified States is equal to the total amount made  
7 available under section 310(a); and

8 (2) the aggregate of the loan authority amounts  
9 for all qualified States is equal to the aggregate  
10 amount of authority for the outstanding principal  
11 balance of all loans made under this title pursuant  
12 to section 310(b)(1).

13 **SEC. 304. LOANS.**

14 (a) REQUIREMENT OF LOAN AUTHORITY AMOUNT.—  
15 The Secretary may make a loan under this title for use  
16 in a qualified State only to the extent and in such amounts  
17 that loan authority amounts for such State are available.

18 (b) REVOLVING AVAILABILITY OF LOAN AUTHORITY  
19 AMOUNT.—The loan authority amount allocated for each  
20 qualified State shall—

21 (1) upon the Secretary entering into a binding  
22 commitment to make a loan under this title for use  
23 in such State, be decreased by the amount of the  
24 principal obligation of such loan; and

1           (2) upon the repayment to the Secretary by any  
2       borrower of any principal amounts borrowed under  
3       a loan this title for use in such State, be increased  
4       by the amount of principal repaid.

5       (c) ASSISTED ENTITIES.—The loan authority amount  
6       of a qualified State may be used under section 305(a) to  
7       provide a loan for the purchase or finance the purchase  
8       of qualified foreclosed housing by—

9           (1) the State, or

10          (2) another entity, as provided in the approved  
11       plan under section 302 of the State,

12       except that a loan for the purpose under section 305(a)(2)  
13       (relating to providing rental housing) may be made only  
14       to a governmental agency or a nonprofit agency.

15       (d) LOAN TERMS.—Each loan provided under this  
16       title from the loan authority amount of a qualified State  
17       shall—

18           (1) bear no interest;

19           (2) have a term to maturity of—

20                (A) 2 years, in the case of any loan made  
21                to purchase or finance the purchase of qualified  
22                foreclosed housing for use under section  
23                305(a)(1) for homeownership; and

24                (B) 5 years, in the case of any loan made  
25                to purchase or finance the purchase of qualified

1 foreclosed housing for use under section  
2 305(a)(2) for rental;

3 (3) not provide for amortization of the principal  
4 obligation of the loan during such term, and require  
5 payment of the original principal obligation under  
6 the loan only upon the expiration of the term of the  
7 loan; and

8 (4) have such other terms and conditions as the  
9 Secretary may provide.

10 (e) PROCEDURE.—Upon a request, by a State admin-  
11 istrator, for a loan under this title from the loan authority  
12 amount of the qualified State for which such adminis-  
13 trator acts, the Secretary shall enter into a loan agreement  
14 as the Secretary determines appropriate with the borrower  
15 under the loan and shall disburse the loan amount in ac-  
16 cordance with such terms, subject only to the absence of  
17 sufficient loan authority amount for the State.

18 (f) ELIGIBILITY FOR REPEAT LENDING.—A loan  
19 under this title may be made to an entity that has pre-  
20 viously borrowed amounts under a loan under this title  
21 only if such entity has repaid 95 percent or more of the  
22 amounts due, including principal and interest, under all  
23 previous such loans.

24 (g) SUNSET.—The Secretary may not enter into any  
25 commitment to make a loan under this title, or make any

1 such loan, after the expiration of the 24-month period be-  
2 ginning on the date of the enactment of this Act.

3 **SEC. 305. ELIGIBLE HOUSING STIMULUS ACTIVITIES.**

4 (a) LOAN AMOUNTS.—Amounts provided under a  
5 loan under this title for a qualified State shall be used,  
6 in accordance with the approved plan of such State, only  
7 for the following activities:

8 (1) HOMEOWNERSHIP HOUSING PROVISION.—

9 To purchase or finance the purchase of qualified  
10 foreclosed housing for resale as housing for home-  
11 ownership to families having incomes that do not ex-  
12 ceed 140 percent of the median income for the area  
13 in which the housing is located.

14 (2) RENTAL HOUSING PROVISION.—To pur-  
15 chase or finance the purchase of qualified foreclosed  
16 housing for use only as rental housing, subject to  
17 the following requirements:

18 (A) QUALIFIED TENANTS.—All dwelling  
19 units in the housing purchased or financed  
20 using any loan amounts shall be available for  
21 rental only by families whose incomes do not  
22 exceed 100 percent of the median income for  
23 the area in which the housing is located.

24 (B) RENTS.—Rents for each dwelling unit  
25 in the housing purchase or financed using any

1 loan amounts shall be established at amounts  
2 that do not exceed market rents for comparable  
3 dwelling units located in the area in which the  
4 housing is located and in accordance with such  
5 requirements as the Secretary shall establish to  
6 ensure that rents are established in a fair, ob-  
7 jective, and arms-length manner.

8 [(C) CONTINUED USE.—The aggregate  
9 number of [homes/dwelling units] that are  
10 made available for rental housing [by the quali-  
11 fied State/using loan authority amounts for the  
12 qualified State?] and are subject to the require-  
13 ments of subparagraphs (A) and (B) shall not,  
14 at any time during the 7-year period beginning  
15 upon [the full commitment of all loan authority  
16 amounts under this title for the State that are  
17 used under this paragraph?], be less than the  
18 total number of [homes/dwelling units] pur-  
19 chased or financed [by the State/ with loan au-  
20 thority amounts for the qualified State?] pur-  
21 suant to this paragraph.]

22 (3) HOUSING REHABILITATION.—To rehabili-  
23 tate qualified foreclosed housing acquired with as-  
24 sistance provided pursuant to this subsection, to the  
25 extent necessary to comply with applicable laws,

1 codes, and other requirements relating to housing  
2 safety, quality, and habitability.

3 (b) GRANT AMOUNTS.—Grant amounts provided  
4 under this title to a qualified State shall be used, in ac-  
5 cordance with the approved plan of such State, only for  
6 the following activities:

7 (1) OPERATING AND HOLDING COSTS.—For  
8 costs of holding and operating qualified foreclosed  
9 housing acquired pursuant to subsection (a), includ-  
10 ing costs of management, taxes, handling, insurance,  
11 and other related costs.

12 (2) COSTS RELATING TO PROPERTY ACQUISI-  
13 TION.—For costs relating to acquisition of qualified  
14 foreclosed housing pursuant to subsection (a), in-  
15 cluding reasonable closing costs.

16 (3) ADMINISTRATIVE COSTS.—For administra-  
17 tive and planning costs of the State in administering  
18 loan authority amounts and grant amounts under  
19 this title, except that the amount of grant amounts  
20 provided under this title to a State that may be used  
21 under this paragraph shall not exceed the amount  
22 equal to **【4】** percent of the sum of the grants  
23 amounts provided to the State and the loan author-  
24 ity amount allocated to the State pursuant to section  
25 303(b).

1 (c) SECURITY.—The Secretary shall retain a lien on  
2 any qualified foreclosed housing purchased or financed  
3 with a loan under this section in the amount of the prin-  
4 cipal obligation under the loan and interest due under the  
5 loan.

6 **SEC. 306. SHARED APPRECIATION AGREEMENT.**

7 Notwithstanding any other provision of this title, no  
8 amounts from a loan or grant under this title may be used  
9 under section 305 for any qualified foreclosed housing un-  
10 less such binding agreements are entered into, in accord-  
11 ance with such requirements as the Secretary shall estab-  
12 lish, that ensure that the Federal Government shall, upon  
13 any sale or disposition of the qualified foreclosed housing  
14 by [the owner who acquires the housing pursuant to as-  
15 sistance under this title], receive an amount equal to 20  
16 percent of the difference between the net proceeds from  
17 such sale or disposition and the cost of such acquisition  
18 of the housing pursuant to assistance under this title,  
19 after deductions for [expenditures paid or incurred after  
20 the date of such acquisition that are properly chargeable  
21 to capital account (within the meaning of section 1016 of  
22 the Internal Revenue Code of 1986) with respect to such  
23 housing].

1   **SEC. 307. SPENDING REQUIREMENTS.**

2           (a) IN GENERAL.—Each qualified State that receives  
3   a grant under this title or is allocated loan authority  
4   amounts under this title pursuant to section 303(b)  
5   shall—

6           (1) commence obligation of such grant amounts  
7           and commitment of such loan authority amounts not  
8           later than the expiration of the 45-day period that  
9           begins upon approval of the approved plan of State;  
10          and

11          (2) obligate all such grant amounts and enter  
12          into commitments for all such loan authority  
13          amounts not later than the expiration of the 180-day  
14          period beginning upon such approval; and

15          (3) except as provided in subsection (b), outlay  
16          all such grant amounts and disburse all such loan  
17          authority amounts not later than the 12-month pe-  
18          riod that begins upon such approval.

19   This subsection shall not apply to loan authority amounts  
20   of a qualified State attributable, pursuant to section  
21   304(b)(2), to repayment of principal amounts of loans  
22   under this title.

23          (b) EXCEPTION TO SPENDING REQUIREMENT.—If a  
24   State in good faith makes a request, in the plan submitted  
25   to the Secretary pursuant to section 302 or otherwise after  
26   approval of such plan, for extension of the period referred



1 to in subsection (a)(3) of this section, the Secretary may  
2 extend the period for not more than 3 months.

3 **SEC. 308. ACCOUNTABILITY.**

4 (a) REPORTING.—Each qualified State that receives  
5 a grant or allocation of loan authority amount under this  
6 title shall submit a report to the Secretary, not later than  
7 the expiration of the 12-month period beginning upon the  
8 approval of the qualified plan by the Secretary, regarding  
9 use of such amounts which shall contain such information  
10 as the Secretary shall require.

11 (b) MISUSE OF AMOUNTS.—If the Secretary deter-  
12 mines that any amounts from a grant or loan under this  
13 title for a qualified State has been used in a manner that  
14 is materially in violation of this title, any regulations  
15 issued under this title, or any requirements or conditions  
16 under which such amounts were provided, the Secretary  
17 shall require the State to reimburse the Treasury of the  
18 United States in the amount of any such misused funds.

19 **SEC. 309. DEFINITIONS.**

20 For purposes of this title, the following definitions  
21 shall apply:

22 (1) APPROVED PLAN.—The term “approved  
23 plan” means a plan of a State that has been ap-  
24 proved pursuant to section 302.

1           (2) COVERED MULTIFAMILY HOUSING.—The  
2           term “covered multifamily housing” means a resi-  
3           dential structure that—

4                   (A) consists of 20 or fewer dwelling units;  
5                   and

6                   (B) that is predominantly vacant.

7           (3) LOAN AUTHORITY AMOUNT.—The term  
8           “loan authority amount” means, with respect to a  
9           qualified State, the amount of loan authority avail-  
10          able pursuant to section 310(b)(1) that is allocated  
11          for the State pursuant to section 303(b), as such  
12          amount may be increased or decreased pursuant to  
13          section 304(b).

14          (4) QUALIFIED FORECLOSED HOUSING.—The  
15          term “qualified foreclosed housing” means housing  
16          that—

17                   (A)(i) is single family housing that is va-  
18                   cant, pursuant to foreclosure or assignment of  
19                   the mortgage on the housing or forfeiture of the  
20                   housing; or

21                   (ii) is covered multifamily housing;

22                   (B) is owned by a lender, mortgage com-  
23                   pany, investor, financial institution, or other  
24                   such entity or any government entity, pursuant

1 to foreclosure or assignment of the mortgage on  
2 the housing or forfeiture of the housing; and

3 (C) has a purchase price that does not ex-  
4 ceed 90 percent of the average purchase price  
5 for single family housing in the area in which  
6 the housing is located, as determined by the  
7 Secretary.

8 (5) QUALIFIED STATE.—The term “qualified  
9 State” means a State for which there is an approved  
10 plan.

11 (6) SECRETARY.—The term “Secretary” means  
12 the Secretary of the Treasury.

13 (7) SINGLE FAMILY HOUSING.—The term “sin-  
14 gle family housing” means a residential structure  
15 consisting of from one to four dwelling units.

16 (8) STATE.—The term “State” means any  
17 State of the United States, the District of Columbia,  
18 the Commonwealth of Puerto Rico, the Common-  
19 wealth of the Northern Mariana Islands, Guam, the  
20 Virgin Islands, American Samoa, and other territory  
21 or possession of the United States.

22 (9) STATE ADMINISTRATOR.—The term “State  
23 administrator” means the entity of a qualified State  
24 that is designated, pursuant to section 302(b)(1), in

1 the approved plan of the State to act for the State  
2 for purposes of this title.

3 **SEC. 310. FUNDING.**

4 (a) GRANTS.—There is authorized to be appropriated  
5 to the Secretary of the Treasury \$2,500,000,000 for  
6 grants under this title.

7 (b) DIRECT LOANS.—

8 (1) LOAN COMMITMENT AUTHORITY LIMITA-  
9 TION.—Subject only to the availability of sufficient  
10 amounts for the costs (as such term is defined in  
11 section 502 of the Federal Credit Reform Act of  
12 1990 (2 U.S.C. 661a)) of such loans and the ab-  
13 sence of qualified requests for loans, the Secretary  
14 shall enter into commitments to make loans under  
15 this title, and shall make such loans, in an amount  
16 such that the aggregate outstanding principal bal-  
17 ance of such loans does not at any time exceed  
18 \$7,500,000,000.

19 (2) AUTHORIZATION OF APPROPRIATIONS FOR  
20 COSTS.—There is authorized to be appropriated such  
21 sums as may be necessary for costs (as such term  
22 is defined in section 502 of the Federal Credit Re-  
23 form Act of 1990 (2 U.S.C. 661a)) of loans under  
24 this title.

1   **SEC. 311. REGULATIONS.**

2           The Secretary shall issue any regulations necessary  
3   to carry out this title.